

## State of Iowa - Return on Investment Program / IT Project Evaluation

### SECTION 1: PROPOSAL

Tracking Number (For Project Office Use)

Project Name: Welfare Reform Related Technology Fund

Agency Point of Contact for Project: Siri Granberg, Division of Economic Assistance,  
Department of Human Services (DHS)

Agency Point of Contact Phone Number / E-mail: 281-8328 sgranbe@dhs.state.ia.us

Executive Sponsor (Agency Director or Designee) Signature: Deb Bingaman

Is this project necessary for compliance with a Federal standard, initiative, or statute? (If "Yes," cite specific requirement, attach copy of requirement, and explain in Proposal Summary) ☒ Yes ☐ No

Is this project required by State statute? (If "Yes," explain in Proposal Summary) ☒ Yes ☐ No

Does this project meet a health, safety or security requirement? (If "Yes," explain in Proposal Summary) ☒ Yes ☐ No

Is this project necessary for compliance with an enterprise technology standard? (If "Yes," explain in Proposal Summary) ☐ Yes ☒ No

Does this project contribute to meeting a strategic goal of government? (If "Yes," explain in Proposal Summary) ☒ Yes ☐ No

Is this a "research and development" project? (If "Yes," explain in Proposal Summary) ☐ Yes ☒ No

### PROPOSAL SUMMARY:

In written detail, explain why the project is being undertaken and the results that are expected. This includes, but is not limited to, the following:

**1. A pre-project (before implementation) and a post-project (after implementation) description of the system or process that will be impacted.**

- A. **Pre-Project description:** The Family Investment Program (FIP), Food Stamp and Medicaid programs are very interrelated. The majority of families receiving FIP also receive Food Stamps and Medicaid. The majority of individuals receiving Food Stamps also receive Medicaid. Federal laws and regulations require that Medicaid follow certain FIP policies as they existed in 1996. The interrelationships between these programs and the individuals served require care and coordination in maintenance and expansion of services and enabling processes and systems. The current DHS technology allows us to assist staff in determining eligibility and benefits, meets some federal reporting requirements, assists in program evaluation, and makes information available to program and field staff for business decisions for the

FIP, Food Stamp, Medicaid, and related programs. Systems must be maintained as well as updated to reflect policy changes made at the federal or state level and to take advantage of advances in the field of technology.

Temporary Assistance for Needy Families (TANF) block grant funds are allocated to states on a federal fiscal year basis. TANF funding in the amount of \$1,006,442, for this project has been appropriated in the Department of Human Services Appropriation Bill, SF 2435. Technology for the FIP program is funded 100% by TANF dollars. The IT bill, SF2433 contains the state funding needed in order to draw between 50% and 90% federal match from the food stamp and Medicaid programs. The combination of TANF, state and federal funding is required in order to complete this project.

**B. Post-Project description:** This request represents SFY 2001 funding to:

- Meet federal requirements for the Temporary Assistance to Needy Families, Food Stamp, Medicaid and related programs.
  - TANF data reporting changes will be completed in SFY 2001.
  - Meeting Health Insurance Portability and Accountability Act of 1996 (HIPAA) requirements will begin during SFY 2001 and be completed by the end of SFY 2002.
- Support project planning and project management required to implement federal and state requirements and as new strategies for assisting families in reaching self-sufficiency are introduced.
- This funding will also support:
  - application development and system programming;
  - increased tracking;
  - increased data storage capacity and data collection;
  - increased data interface capabilities
  - implementation of software changes necessary to:
    - meet systems requirements (reporting and tracking) in federal law;
    - update systems in order to support workers in serving families consistent with federal requirements and with state initiatives (case management activities);
    - take advantage of improvements in technology.

Results that will be achieved with this funding include:

1. Complete and accurate federal data reporting.
  - New requirements from the US Dept. of Agriculture (Food Stamp Program) and US Dept. of Health and Human Services (Medicaid and TANF) will be met, including, but not limited to, TANF data reporting and HIPAA requirements.
  - Failure to comply with HIPAA requirements can result in up to \$25,000 per person, annually in addition to civil penalties. See attachment A.
    - We are just starting to learn about HIPAA requirements, so some specifics are still unknown. HIPAA is a massive national undertaking that affects all health care payment sources, including but not limited to Medicaid. National procedure and diagnosis codes will be established, and even the claim form will be standardized nationwide. In order to comply we will need to change the codes we use to pay Medicaid

claims. The new codes will require an extra space for information because the code is longer for provider numbers. This will also cause need for more electronic storage. New codes will have to be cross-referenced to old codes and a method of storing this cross-reference will have to be maintained. Security requirements are also very stringent, and the Department will have to come into compliance if our current procedures do not meet the new standards. There are penalties specifically related to failure to comply with security standards. Compliance with HIPAA will require significant re-programming of both, DHS and fiscal agent systems.

- Failure to comply with federal TANF data reporting requirements will result in a sanction of up to \$7.4M per fiscal quarter. (A sanction in FFY 2001 results in a \$3.7M per quarter sanction that must be paid in FFY 2002 and a requirement to spend an additional \$3.7M per quarter of state non-MOE funds in FFY 2003.) See attachment B.
    - In order to comply, states are required to submit “complete, accurate and timely” data. 124 data elements must be reported at a person and case level. The number of data elements to be reported has tripled. Several of the data elements are not collected currently. Other data elements have been defined differently and the data must be reported differently than today. The basic premise of what a “case” is has changed which significantly impacts how we maintain, track and report data. In some instances it will require extra space for information because the code needed is longer than what is allowed for currently. The changes cause a need for additional data storage space.
2. Federal and state policy changes will be reflected in technology solutions.
    - All new federal requirements in the TANF, Food Stamp and Medicaid programs will be met.
    - Any new state legislative requirements in policy or process will be implemented.
    - Failure to make changes required in Medicaid can result in loss of federal funding ranging from loss of Federal Financial Participation (FFP) of 63% - 75%, to loss of all Medicaid administrative funding.
  3. Efficient support of staff allowing accurate eligibility and benefit determination.
    - Support to workers in serving families consistent with federal requirements and with state initiatives (management of caseloads).
    - Continued food stamp payment accuracy improvement.
    - Failure to meet federal food stamp error rates can result in high fiscal sanction.
    - High food stamp payment accuracy can result in enhanced federal funding. Iowa is currently on a path to be able to compete for enhanced funding in future years.
    - The interrelationships between the FIP, Food Stamp and Medicaid programs and coordination of benefits and services provided to individuals and families will be reflected in technology solutions.

4. Data will be available for evaluating results and monitoring progress towards the results of safe, stable, healthy and self-sufficient lowans.
  - To have information more readily available to program and field staff for business decisions for FIP, Food Stamp, Medicaid, and related programs.
  - Increased tracking and data collection and storage capacity.
  - Increased data interface capabilities.

**B. A summary of the extent to which the project provides tangible and intangible benefits to either Iowa citizens or to State government. Included would be such items as qualifying for additional matching funds, improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, complying with enterprise technology standards, meeting a strategic goal, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, complying with federal or state laws, etc.**

Justification for funding request:

- This funding supports and is necessary for the continued ongoing, long-term operation of our programs.
- Federal and state law changes and changing federal regulations require technology enhancements on an ongoing basis.
- Improving work processes will improve the quality and accuracy of services to consumers, thereby increasing customer satisfaction, and avoiding future federal error rate sanctions. Reducing federal error rate sanctions increases the probability of qualifying for enhanced funding for Food Stamps.
- State match is required to receive federal matching assistance in the Food Stamp and Medicaid programs.
- Failure to comply with federal TANF data reporting requirements will result in a loss of federal TANF block grant funding of up to \$3.7M per fiscal quarter and puts the \$131M block grant at risk. If this sanction were imposed, the state would also be required to make up the loss with state funding.
- This funding supports the Department's goal to encourage stable, self-sufficient, healthy and safe families.

Fiscal consequences of not funding technology:

- State match is required to receive federal matching funds in the Food Stamp and Medicaid programs. Every state dollar lost will result in loss of a federal dollar.
- Failure to comply with federal TANF data reporting requirements will result in a sanction of up to \$14.8M per fiscal year for each of the next two state fiscal years.
- Failure to meet federal food stamp error rates can result in high fiscal sanction.
- Failure to make changes required in Medicaid can result in loss of federal funding ranging from loss of FFP of 63% to loss of all Medicaid administrative funding.
- Failure to comply with HIPAA requirements can result in loss of FFP of 90% and penalties up to \$25,000 per person annually in addition to civil penalties.

Other consequences of not funding technology:

- Consumers will not receive benefits and services in the most efficient, timely manner possible.

- Line staff will not have the technology support to implement federal or state requirements. Staff will have to manually process, track and report data for federal purposes or to monitor the effect of new policies.
- Line staff will have to work around the current technology system design.
- The Department and policy makers will not have data to use for program administration and evaluation.

**C. A summary that identifies the project stakeholders and how they are impacted by the project.**

The project stakeholders are:

- External Customers
  - This technology will support programs that provide benefits and/or services annually to approximately 20,000 families (average monthly) served by the Family Investment Program, 53,000 households (average monthly) receiving Food Stamps and 204,165 (average monthly) individuals who receive Medicaid.
  - Legislators and policy makers will have access to data needed to make decisions.
- Internal Customers
  - 700 Department of Human Services line staff using the systems daily as a basic function of their jobs.
  - Department of Human Service management staff making decisions based on the data.
  - 300 Iowa Workforce Development PROMISE JOBS staff using the systems daily as a basic function of their jobs.

## SECTION 2: PROJECT PLAN

Individual project plans will vary depending upon the size and complexity of the project. A project plan includes the following information:

### 1. Agency Information

**Project Executive Sponsor Responsibilities:** Identify, in Section I, the executive who is the sponsor of the project. The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

Deborah Bingaman, Administrator, Division of Economic Assistance, Department of Human Services

**Organization Skills:** Identify the skills that are necessary for successful project implementation. Identify which of these skills are available within the agency and the source(s) and acquisition plan for the skills that are lacking.

Successful project implementation requires staff with skill sets in development and maintenance of mainframe and client server applications, technical writer and IT project management skills. State staff will be supplemented with contract staff to fulfill the needs of the department paid for by this funding. In addition, expertise regarding FIP, Food Stamps and Medicaid policy is required; these skills are available within the Department.

## 2. Project Information

**Mission, Goals, Objectives:** The project plan should clearly demonstrate that the project has developed from an idea to a detailed plan of action. The project plan must link the project to an agency's mission, goals, and objectives and define project objectives and how they will be reached. The project plan should include the following:

- A. **Expectations:** A description of the purpose or reason that the effort is being undertaken and the results that are anticipated.

Technology is a significant support to the Department's goal to support stable, self-sufficient, healthy and safe families. Strategies and initiatives to support this goal include:

- Decrease the number of families needing welfare benefits.
- Increase the average wage level for those leaving welfare with earned income.
- Increased access to health care for low-income children.
- Expand Diversion (assistance to help families avoid or reduce their need for FIP assistance by supporting job retention and career advancement).

More direct goals that will be met with this funding include:

- More efficient, effective implementation of changes so that customer satisfaction is enhanced.
- To improve program accuracy and avoid federal sanctions.
- To meet federal data reporting requirements.
- To have information more readily available to program and field staff for business decisions.

Benefits that will be result from this funding include:

- Efficient, effective implementation of changes resulting in improved customer service.
- Improved program accuracy and avoidance of federal sanctions.
- Meet federal data reporting requirements.
- Information will be readily available for program and field staff to use in making business decisions.

- B. **Measures:** A description of the set of beliefs, tradeoffs and philosophies that govern the results of the project and their attainment. How is the project to be judged or valued? What criteria will be used to determine if the project is successful? What happens if the project fails?

- Federal data reporting requirements will be met so that no federal sanctions are incurred.
- Efficient work processes will be implemented and readily accessible data will be available.

- C. **Environment:** Who will provide input (e.g., businesses, other agencies, citizens) into the development of the solution? Are others creating similar or related projects? Are there cooperation opportunities?

The following will have input into the development of all projects:

- Department of Human Services policy staff.
- Department of Human Services data management staff.
- Department of Human Services line staff.
- Department of Human Service management staff.
- Iowa Workforce Development PROMISE JOBS staff.

- D. **Project Management and Risk Mitigation:** A description of how you plan to manage the project budget, project scope, vendors, contracts and business process change (if applicable). Describe how you plan to mitigate project risk.

Since this project will contain a variety of efforts, each will be reviewed through the IM Business Systems Planners meeting for priority, timeliness, staffing and any other areas of concern for project delivery. Each component will be monitored through project control for the detail portions. Reviews will assess if the project is on schedule, if requirements have changed, and how we are progressing against the budget.

- E. **Security / Data Integrity / Data Accuracy / Information Privacy:** A description of the security requirements of the project? How will these requirements be integrated into the project and tested. What measures will be taken to insure data integrity, data accuracy and information privacy?

The data within these applications is considered confidential and bound by confidentiality/non disclosure laws. Security is ensured at multiple levels and by multiple methods. RACF security and internal application security is used on the mainframe applications. For the Client Server applications, NT Authentication, SQL Authentication, and internal application security is used. All data elements are secured within their environment and data accuracy and integrity is ensured by application edits.

### 3. **Current Technology Environment (Describe the following):**

#### A. **Software (Client Side / Server Side / Midrange / Mainframe)**

- Application software.
- Operating system software.
- Interfaces to other systems: Identify important or major interfaces to internal and external systems.

#### **Client Side –**

Microsoft Products including, but not limited to: Visual Studio 6.0, MS Project 98, MS Office Suite Professional, MS Front Page 98, MS SQL 6.5 & 7.0, etc.

MicroFocus Products including, but not limited to: Net Express 3.0, Revolve, etc.

EDA Products including, but not limited to: EDA Client, EDA ODBC Extender, etc.

CA Products including, but not limited to: CA Server ODBC Drivers

Visio 5.0 & 2000

JavaScript

VB Script  
PowerDesigner 6.0  
Paint Shop Pro 6.0  
Marshallsoft SEECB4

#### Server Side –

Microsoft Products including, but not limited to: MS SQL 6.5 & 7.0, MS Exchange, IIS, etc.  
EDA Products including, but not limited to: EDA Client, EDA ODBC Extender, etc.  
Active Server Pages  
REXEC Daemon  
FTP

#### Mainframe –

IBM Products including, but not limited to: TSO, CICS, PanValet, etc.  
CA Products including, but not limited to: IDMS, Culprit, etc.  
SyncSort  
VSAM  
COBOL

#### B. Hardware (Client Side / Server Side / Mid-range / Mainframe):

- Platform, operating system, storage and physical environmental requirements.
- Connectivity and Bandwidth: If applicable, describe logical and physical connectivity.
- Interfaces to other systems: Identify important or major interfaces to internal and external systems.

#### Developer Environment

| Make/Model               | Quantity | CPU | Operating System |
|--------------------------|----------|-----|------------------|
| Compaq DeskPro           | 9        | 200 | Windows 95       |
| Gateway 2000             | 5        | 200 | Windows 95       |
| Gateway E3000            | 4        | 200 | Windows 95       |
| Gateway E3200            | 3        | 350 | Windows 95       |
| Gateway E4200            | 10       | 350 | Windows 95       |
| Gateway E4200            | 5        | 500 | Windows 95       |
| NEC Powermate 8100       | 11       | 350 | Windows 95       |
| NEC Powermate Enterprise | 16       | 233 | Windows 95       |
| Gateway E-4200           | 10       | 700 | Windows 95       |

#### LAN Environment

| Quantity | CPU | RAM   | Hard Disk Space | Operating System | Function/Description             | Associated Software | Communication Requirements |
|----------|-----|-------|-----------------|------------------|----------------------------------|---------------------|----------------------------|
| 1        | 266 | 128MB | 13GB            | Windows NT       | File/Print Services              | NT                  | T1                         |
| 1        | 200 | 2GB   | 20GB            | Windows NT       | SQL Server 6.5                   | NT, SQL             | 100MB                      |
| 1        | 200 | 1GB   | 21GB            | Windows NT       | SQL Server 6.5                   | NT, SQL             | 100MB                      |
| 1        | 266 | 128MB | 13GB            | Windows NT       | File/Print Services              | NT                  | T1                         |
| 2        | 200 | 1GB   | 25GB            | Windows NT       | File/Print Services              | NT, FACS & Star     | 100MB                      |
| 4        | 549 | 1GB   | 27GB            | Windows NT       | SQL Server 7.0 Test & Production | NT, SQL             | 100MB                      |
| 1        | 399 | 1GB   | 44GB            | Windows NT       | SQL Server 7.0 Test & Production | NT, SQL             | 100MB                      |
| 2        | 200 | 64MB  | 8GB             | Windows NT       | Imaging                          | NT, Eastman Imaging | 100MB                      |

| Quantity | CPU | RAM    | Hard Disk Space | Operating System | Function/Description       | Associated Software        | Communication Requirements |
|----------|-----|--------|-----------------|------------------|----------------------------|----------------------------|----------------------------|
| 1        | 200 | 256MB  | 12GB            | Windows NT       | Imaging                    | NT, Eastman Imaging        | 100MB                      |
| 1        | 200 | 196MB  | 12GB            | Windows NT       | WINS                       | NT                         | 100MB                      |
| 4        | 200 | 128MB  | 12GB            | Windows NT       | Imaging                    | NT, Eastman Imaging        | T1                         |
| 1        | 200 | 128MB  | 16GB            | Windows NT       | Intranet FACS              | NT, FACS, IIS              | 100MB                      |
| 1        | 200 | 128MB  | 4GB             | Windows NT       | Imaging                    | NT, Eastman Imaging        | T1                         |
| 1        | 497 | 512MB  | 50GB            | Windows NT       | Exchange Server            | NT, Microsoft Exchange     | 100MB                      |
| 1        | 266 | 512MB  | 13GB            | Windows NT       | Network Monitoring Server  | NT, HP Openview            | 100MB                      |
| 1        | 266 | 32MB   | 5GB             | Windows NT       | File/Print Services        | NT                         | T1                         |
| 1        | 266 | 256MB  | 13GB            | Windows NT       | Technet, Network Adm, File | NT                         | 100MB                      |
| 2        | 266 | 128MB  | 12GB            | Windows NT       | HelpDesk Software/SMS      | NT, SupportMagic, SMS      | 100MB                      |
| 143      | 266 | 128MB  | 13GB            | Windows NT       | File/Print Services        | NT                         | T1                         |
| 2        | 333 | 128MB  | 13GB            | Windows NT       | File/Print Services        | NT                         | T1                         |
| 1        | 333 | 128MB  | 14GB            | Windows NT       | Middleware Server          | NT, IBI                    | 100MB                      |
| 1        | 200 | 128MB  | 14GB            | Windows NT       | Middleware Server          | NT, IBI                    | 100MB                      |
| 1        | 266 | 128MB  | 14GB            | Windows NT       | File/Print Services        | NT                         | 100MB                      |
| 1        | 333 | 128MB  | 25GB            | Windows NT       | Vipers                     | NT, Vipers                 | T1                         |
| 1        | 399 | 104MB  | 44GB            | Windows NT       | Middleware Server          | NT, IBI                    | 100MB                      |
| 2        | 266 | 128MB  | 13GB            | Windows NT       | File/Print Services        | NT                         | T1                         |
| 1        | 100 | 128MB  | 7GB             | Windows NT       | Admin Images               | NT, Norton Ghost           | 100MB                      |
| 1        | 266 | 128MB  | 13GB            | Windows NT       | HelpDesk Software          | NT, SupportMagic           | 100MB                      |
| 2        | 500 | 2GB    | 19GB            | Windows NT       | Intranet Server            | NT, IIS, Misc. Application | 100MB                      |
| 2        | 500 | 1GB    | 17GB            | Windows NT       | Internet Server            | NT, IIS, Misc. Application | 100MB                      |
| 7        | 500 | 128MB  | 18GB            | Windows NT       | Exchange Server            | NT, Microsoft Exchange     | 100MB                      |
| 1        | 450 | 104MB  | 26GB            | Windows NT       | Internet Test Server       | NT, IIS, Misc. Application | 100MB                      |
| 1        |     |        | 104GB           |                  | Disk Farm                  | NT Raid 5, LifeKeeper      | 100MB                      |
| 1        |     |        | 104GB           |                  | Disk Farm                  | NT Raid 5, LifeKeeper      | 100MB                      |
| 1        |     |        | 156GB           |                  | Disk Farm                  | NT Raid 5, LifeKeeper      | 100MB                      |
| 1        |     |        | 360GB           |                  | Disk Farm                  | NT Raid 5, LifeKeeper      | 100MB                      |
| 1        |     |        | 68GB            |                  | Disk Farm                  | NT Raid 5, LifeKeeper      | 100MB                      |
| 1        | 500 | 1GB    | 52GB            |                  | Disk Farm                  | NT Raid 5, LifeKeeper      | 100MB                      |
| 1        | 166 | 256meg | 8GB             |                  | Disk Farm                  | NT Raid 5, LifeKeeper      | 100MB                      |

### Mainframe Environment

IDM 9672R45

OS390

JES3

## 4. Proposed Environment (Describe the following):

### A. Software (Client Side / Server side / Mid-range / Mainframe)

- Application software.
- Operating system software.
- Interfaces to other systems: Identify important or major interfaces to internal and external systems.
- General parameters if specific parameters are unknown or to be determined.
  - Same as shown in 3 above (Current Technology).

## B. Hardware (Client Side / Server Side / Mid-range / Mainframe)

- Platform, operating system, storage and physical environmental requirements.
- Connectivity and Bandwidth: If applicable, describe logical and physical connectivity.
- Interfaces to other systems: Identify important or major interfaces to internal and external systems.
- General parameters if specific parameters are unknown or to be determined.
  - Same as shown in 3 above (Current Technology).

**Data Elements:** If the project creates a new database the project plan should include the specific software involved and a general description of the data elements.

- No new databases being developed.

**Project Schedule:** A schedule that includes: time lines, resources, tasks, checkpoints, deliverables and responsible parties.

- Since this project will contain a variety of efforts, each will be reviewed through the IM Business Systems Planners meeting for priority, timeliness, staffing and any other areas of concern for project delivery. Each component will be monitored through project control for the detail portions. Reviews will assess if the project is on schedule, if requirements have changed, and how we are progressing against the budget.

## SECTION 3: Return On Investment (ROI) Financial Analysis

### Project Budget: SFY 2001 2,024,768

Provide the estimated project cost by expense category.

|                            |             |
|----------------------------|-------------|
| Personnel .....            | \$ 34,560   |
| Software .....             | \$ 1,000    |
| Hardware.....              | \$ 3,640    |
| Training .....             | \$          |
| Facilities .....           | \$          |
| Professional Services..... | \$1,985,568 |
| Supplies .....             | \$          |
| Other (Specify).....       | \$          |
| Totals .....               | \$2,024,768 |

### Project Funding: SFY 2001

Provide the estimated project cost by funding source.

|                       |               |       |                 |
|-----------------------|---------------|-------|-----------------|
| State Funds.....      | \$ 760,384    | 37.55 | % of total cost |
| Federal Funds.....    | \$ 1,264,384* | 62.45 | % of total cost |
| Local Gov. Funds..... | \$            |       | % of total cost |
| Private Funds.....    | \$            |       | % of total cost |
| Other Funds .....     | \$            |       | % of total cost |
| Total Cost: .....     | \$ 2,024,768  | 100%  | % of total cost |

How much of the cost would be incurred by your agency  
from normal operating budgets (staff, equipment, etc.)? .....\$ 0.00 0%

How much of the cost would be paid by "requested IT project funding"? ..\$ 760,384 37.55%

Provide the estimated project cost by fiscal year: FY2001 \$ 760,384

FY2002 \$ 0.00\*\*

FY2003 \$ 0.00\*\*

\* SFY 2001 federal funds include \$380,192 food stamps and \$884,192 Title XIX dollars.

\*\*Technology is an on-going expense to avoid federal sanctions and to allow us to meet federal and state requirements. Funding for SFY 2002 and future years will be submitted annually.

## ROI Financial Worksheet Directions (Attach Written Detail as Requested):

**Annual Pre-Project Cost** -- Quantify, in written detail, all actual State government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

- N/A – We will use Cost Avoidance & Dollar Matching.

**Annual Post-Project Cost** -- Quantify, in written detail, all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

- N/A – We will use Cost Avoidance & Dollar Matching.

**State Government Benefit** -- Subtract the total “Annual Post-Project Cost” from the total “Annual Pre-Project Cost.” This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

- N/A – We will use Cost Avoidance & Dollar Matching.

**Citizen Benefit** -- Quantify, in written detail the estimated annual value of the project to Iowa citizens. This includes the “hard cost” value of avoiding expenses (hidden taxes) related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses.

- Citizen Benefit, although present, is not quantifiable.

**Opportunity Value/Risk or Loss Avoidance Benefit** -- Quantify, in written details the estimated annual benefit to Iowa citizens or to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

- See Section 1 – Proposal Summary – Project Benefits.

**Total Annual Project Benefit** -- Add the values of all annual benefit categories.

- See ROI Financial Worksheet.

**Total Annual Project Cost** -- Quantify, in written detail, the estimated annual new cost necessary to implement and maintain the project including consulting fees, equipment retirement, ongoing expenses (i.e. labor, etc.), other technology (hardware, software and development), and any other specifically identifiable project related expense. In general, to calculate the annual hardware cost, divide the hardware and associated costs by three (3), the useful life. In general, to calculate the annual software cost, divide the software and associated costs by four (4), the useful life. This may require assigning consulting fees to hardware cost or to software cost. A different useful life may be used if it can be documented.

- See Section 3 – Project Budget.

**Benefit / Cost Ratio** – Divide the “Total Annual Project Benefit” by the “Total Annual Project Cost.” If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

- See ROI Financial Worksheet.

**ROI** -- Subtract the “Total Annual Project Cost” from the “Total Annual Project Benefit” and divide by the amount of the project funds requested.

- See ROI Financial Worksheet.

**Benefits Not Cost Related or Quantifiable** -- List the project benefits and articulate, in written detail, why they (IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.) are not cost related or quantifiable. Rate the importance of these benefits on a “1 – 10” basis, with “10” being of highest importance. Check the “Benefits Not Cost Related or Quantifiable” box in the applicable row.

- See Section 1, Proposal Summary, Project Benefits – All are a level 10.

## ROI Financial Worksheet

SFY 2001

| Annual Pre-Project Cost - How You Perform The Function(s) Now  |                          |
|--|--------------------------|
| FTE Cost (salary plus benefits):   | —                        |
| Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):  | —                        |
| Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):           | —                        |
| <b>A. Total Annual Pre-Project Cost:</b>   | <b>N/A</b>               |
| Annual Post-Project Cost – How You Propose to Perform the Function(s)  |                          |
| FTE Cost:  | —                        |
| Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):  | —                        |
| Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):           | —                        |
| <b>B. Total Annual Post-Project Cost:</b>  | <b>N/A</b>               |
| <b>State Government Benefit ( = A-B ):</b>   | <b>N/A</b>               |
| Annual Benefit Summary   |                          |
| State Government Benefit:  | —                        |
| Citizen Benefit (including quantifiable “hidden taxes”):   | —                        |
| Opportunity Value and Risk/Loss Avoidance Benefit:*  | <b>\$5,631,298,200</b>   |
| <b>C. Total Annual Project Benefit:</b>  | <b>\$5,631,298,200</b>   |
| <b>D. Total Annual Project Cost:</b>   | <b>\$760,384</b>         |
| <b>Benefit / Cost Ratio (C / D):</b>   | <b><u>7,405.8</u></b>    |
| <b>ROI (C – D / Project Funds Requested):</b>  | <b><u>740,486.1%</u></b> |
| <input type="checkbox"/> Benefits Not Cost Related or Quantifiable (including non-quantifiable “hidden taxes”) |                          |

- Avoidance benefit includes \$440,992 food stamps penalties, \$5,600,000,000 potential Medicaid related losses, and \$29,592,824 TANF penalties. Funding for the TANF penalties will be needed in SFY 2002 (\$14,796,412) and in SFY 2003 (14,796,412) plus Federal Match for food stamps and Medicaid in the amount of \$1,264,384.
- There is additional potential for sanctions due to food stamp error rates. The amount of these sanctions is unknown.